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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

¹ Because no order has issued on the pending motions regarding related cases, Defendants are filing these opposition papers in Case No. C 08-02332 MMC, currently pending before the Honorable Maxine M. Chesney. Defendants will also lodge a courtesy copy of their papers with the Honorable Jeremy Fogel, before whom the motions regarding related cases are pending in Case No. C 04-4379, consolidated with Case No. C 05-5021, and Case No. C 05-4691.

I. INTRODUCTION

On May 10, 2008, STMicroelectronics, Inc. (“ST”) moved for an order shortening the briefing schedule and eliminating oral argument for its anticipated motion to remand pursuant to Civil Local Rule 6-3 (“Motion to Shorten Time”). Despite pages of vague accusations of “delay” and despite the fact that ST appears to agree that Defendants’ basis for removal presents a federal question, ST failed to demonstrate the “substantial harm or prejudice” required to justify shortening the briefing schedule or foregoing oral argument on its motion to remand. Defendants respectfully request that the Court deny ST’s Motion to Shorten Time.

II. PROCEDURAL HISTORY

On October 14, 2005, ST filed a complaint in Alameda County Superior Court against SanDisk Corporation and its founder, Dr. Eliyahou Harari, seeking the assignment of certain SanDisk patent applications. Declaration of Michael A. Ladra (“Ladra Decl.”) ¶ 2. ST based its complaint on a 1984 Inventions Agreement between Dr. Harari and ST’s alleged predecessor-in-interest, WaferScale Integration, Inc. (“WSI”). *Id.* On November 16, 2005, Dr. Harari and SanDisk removed the case to this Court based on federal inventorship issues raised by ST’s Complaint. *Id.* at ¶ 3. On December 13, 2005, ST filed a motion to remand. *Id.* at ¶ 4. The Court denied ST’s motion, ruling that ST’s case presented a substantial question of federal patent law. *Id.* at ¶ 5. In response, ST filed a motion for reconsideration. *Id.* at ¶ 6.

Before the Court ruled on ST’s motion for reconsideration, Defendants filed a case-dispositive motion for summary judgment that ST’s claims were barred by the statute of limitations (given that the underlying patent applications at issue were filed nearly twenty years ago and in light of intervening events). *Id.* at ¶ 7. After the parties fully briefed and argued the summary judgment motion, the Court granted ST’s motion for reconsideration and remanded the case to state court. *Id.* at ¶ 8. Upon remand, Defendants renewed their jurisdictional challenge²

² When a district court remands a case to state court based on lack of federal question jurisdiction, the sole method of challenging the order is to file a motion in state court asking that court to examine *de novo* the question of subject matter jurisdiction. *See AT&T Commc’ns, Inc. v. Superior Court*, 21 Cal. App. 4th 1673, 1680-81 (1994).

1 by filing a motion for judgment on the pleadings, arguing that ST's claims required resolution of
 2 a substantial question of federal patent law that must be brought in federal court. *Id.* at ¶ 9.
 3 SanDisk filed that motion because this Court's remand order was not appealable to any federal
 4 court. *See* 28 U.S.C. § 1447(d). The Superior Court denied Defendants' motion for judgment on
 5 the pleadings. *Ladra Decl.* at ¶ 9.

6 On August 11, 2006, Defendants filed a motion to transfer venue to Santa Clara County
 7 Superior Court because ST had filed its lawsuit in the wrong county. *Id.* at ¶ 10. The Alameda
 8 County Superior Court denied Defendants' motion and Defendants appealed. *Id.* The Court of
 9 Appeal issued a writ commanding the Alameda County Superior Court to transfer the case to
 10 Santa Clara County. *Id.* at ¶ 11. While the case was in Alameda County, Defendants also filed
 11 an anti-SLAPP motion to strike ST's unfair competition claim because, in Defendants' view, it
 12 was directed to SanDisk's protected activity of filing patent infringement lawsuits.³ *See id* at
 13 ¶ 12; Compl. at ¶ 100. The Alameda County Superior Court denied Defendants' motion and the
 14 Court of Appeal affirmed. *See* *Ladra Decl.* at ¶¶ 12, 13. Between February 15 and December
 15 13, 2007, the action was stayed by operation of law during the pendency of Defendants' appeal.⁴
 16 *Id.* at ¶ 14. Once the stay was lifted, Defendants sought resolution of the case by requesting an
 17 early briefing and hearing schedule on its statute of limitations summary judgment motion in
 18 Santa Clara County Superior Court. *Id.* at ¶ 15. The motion was originally scheduled for
 19 hearing on April 10, 2008, but the parties stipulated to continue the hearing to July 10, 2008. *Id.*

20 Despite Defendants' diligent pursuit of discovery, ST repeatedly stonewalled.
 21 Defendants have produced over 1.2 million pages of documents to date, while ST has produced
 22 just over 7,000 pages, and has refused to produce documents from its corporate parent ST NV,

23
 24 ³ Although ST criticizes Defendants for not filing an anti-SLAPP motion in federal court, ST
 25 fails to note that such motions are sharply circumscribed in the federal forum. For example,
 26 while a litigant in federal court is permitted to amend its complaint in response to an anti-SLAPP
 27 motion, that tactic is impermissible in state court. *Compare Verizon Delaware, Inc. v. Covad
 28 Commc'nns Co.*, 377 F.3d 1081, 1091 (9th Cir. 2004); *with Simmons v. Allstate Ins. Co.*, 92 Cal.
 App. 4th 1068, 1073 (2001).

29 ⁴ ST's refusal to recognize the automatic stay mandated by Cal. Civ. Proc. Code § 916
 30 forced Defendants to file a motion to stay discovery pending appeal. *Ladra Decl.* ¶ 14. The
 31 Superior Court confirmed that the action was stayed during the appeal by operation of law. *Id.*

even though ST is run by its parent. *Id.* at ¶ 16. Given ST's refusal to search for and produce documents, on March 26, 2008, Defendants filed a motion to compel. *Id.* at ¶ 17. In reaction, ST also filed a motion to compel. *Id.* On April 17, 2008, the Santa Clara County Superior Court heard argument on the parties' motions and tentatively granted Defendants' motion in all material respects, though a final order was not issued by the time of Defendants' removal. *Id.* at ¶ 18. Since removal, Defendants offered to proceed with the deposition of third party Irwin Federman (noticed for May 16, 2008); however, ST cancelled that deposition and refused to proceed, citing Defendants' removal as the basis. *Id.* at ¶ 19 and Ex. A.

9 III. ST'S INTERJECTION OF A FEDERAL QUESTION

10 The parties previously agreed that the Inventions Agreement contained an “agreement to
11 assign” and not an “automatic assignment.” Indeed, ST opposed Defendants’ statute of
12 limitations motion before this Court by arguing that “[u]nder the terms of the [Inventions
13 Agreement], Harari was obligated to assign his patent rights to WSI, but *only if* WSI chose, in its
14 discretion to seek patents on Harari’s inventions.” See Case No. 05-4691 (Docket # 58) at 19.

In a complete about-face, on April 7, 2008, ST changed its position regarding the interpretation of the Inventions Agreement, arguing for the first time that Harari's inventions "were automatically assigned to WSI per the terms of the [Agreement]." *See* Ladra Decl. Ex. B at 25.⁵ By changing its position from agreeing with Defendants that the Inventions Agreement contained an "agreement to assign" to positing that inventions were "automatically assigned," ST interjected a federal question that needs to be resolved in federal court based on the exclusive jurisdiction of the Patent Act.

22 | IV. ARGUMENT

A. ST Failed to Demonstrate the Required “Substantial Harm or Prejudice”

Under Civil Local Rule 6-3, a party seeking an order shortening time must establish "the substantial harm or prejudice that would occur if the Court did not change the time." Civil L.R.

⁵ In a subsequent pleading with the Superior Court, ST reiterated its reversal on this issue in stating “[t]o be clear, it is ST’s position that the agreement between WSI and Dr. Harari operated to automatically assign his inventions to WSI.” Ladra Decl. Ex. C at 3 n.2.

1 6-3(a)(3). Because ST has failed to establish substantial harm or prejudice, its motion should be
 2 denied. The only effort ST made in attempting to establish substantial harm or prejudice was to
 3 repeatedly cry “delay.” In particular, ST complains of a “three month delay” because Judge
 4 Fogel’s first available hearing date is July 25, 2008 (which ST mischaracterizes as a “demand”
 5 by Defendants for a three month briefing schedule). However, ST did not explain why waiting
 6 for an available hearing date would cause it any harm or prejudice. In a case involving a contract
 7 from 1984, abiding by the Court’s usual procedures and timing will not work any hardship on
 8 ST. And ST’s claims that the action is “stayed” pending resolution of the motion to remand and
 9 that Defendants “stopped discovery” is nothing less than perplexing: Defendants offered to
 10 proceed with discovery during the pendency of the motion to remand and ST rejected the offer.
 11 Ladra Decl. ¶ 19. By assuming that the Court will grant its motion to remand, and by refusing to
 12 proceed with discovery during the pendency of that motion, ST is itself creating a delay in the
 13 case. The Court should not allow ST to create a delay and then point to that delay as a basis on
 14 which to shorten time and eliminate oral argument on its motion to remand.

15 Perhaps because ST cannot establish that it will suffer any substantial harm or prejudice
 16 if the parties follow this district’s normal briefing and hearing procedures, ST seeks to justify the
 17 relief it requests by claiming that Defendants will suffer no prejudice if they are forced to
 18 respond to the motion for remand by May 16, 2008 and forego oral argument. This claim is not
 19 only irrelevant to the inquiry before the Court, but also wrong on the facts: Defendants would
 20 assuredly be prejudiced by the extreme shortening of time requested by ST. Defendants should
 21 be allowed to fully prepare and present to the Court their arguments in opposition to ST’s motion
 22 for remand. The basis for Defendants’ removal is brand new and completely unrelated to the
 23 prior jurisdictional motion. If Defendants are not allowed to fully prepare and present their
 24 arguments to the Court, Defendants would be prejudiced. Defendants respectfully request that
 25 the Court prevent such prejudice by denying ST’s request for an extremely expedited briefing
 26 schedule and the elimination of oral argument.

27 **B. Defendants’ Removal was Proper**

28 Although the Court is not being asked to decide now ST’s motion to remand, Defendants

1 will demonstrate in their opposition to the motion that federal jurisdiction over ST's claims is
 2 proper due to ST's interjection of a federal question. ST previously claimed – and represented to
 3 this Court – that the Inventions Agreement constituted an “agreement to assign.” Just over a
 4 month ago, on April 7, 2008, ST reversed its position and posited that the Inventions Agreement
 5 created an “automatic assignment” of patent rights. The reason ST changed its position is clear:
 6 ST hopes to avoid summary judgment that its claims are time-barred. By interjecting a dispute
 7 over whether the Inventions Agreement created an “agreement to assign” or an “automatic
 8 assignment” where none existed previously, ST has now required that the Court resolve a
 9 substantial federal question.

10 Defendants removed the case to federal court based on the Federal Circuit’s holding that
 11 whether contract language constitutes an “agreement to assign” or an “automatic assignment”
 12 presents a question of federal law. *DDB Technologies L.L.C. v. MLB Advanced Media, L.P.*, 517
 13 F.3d 1284, 1290 (Fed. Cir. 2008). In its Motion to Shorten Time, ST admits – as it must – that
 14 this is a federal question. *See* Mot. to Shorten Time at 1 n.1 and 3 n.3. And despite ST’s
 15 contrary suggestion, Defendants’ removal was certainly timely. Defendants *could not* have
 16 removed the case to federal court until *after* ST indicated its change of position, interjecting a
 17 substantial federal question into the case. Until then, the parties were in complete accord. Once
 18 ST changed position, however, Defendants properly and promptly removed the case. Defendants
 19 will oppose ST’s motion to remand in due course, but respectfully request that the Court deny
 20 ST’s motion to shorten time and to eliminate oral argument on the motion.

21 **V. CONCLUSION**

22 For the reasons stated above, Defendants respectfully request that ST’s Motion to Shorten
 23 Time be denied in its entirety and that the parties proceed under this district’s normal briefing
 24 and hearing procedures.

25 Dated: May 14, 2008

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